

-

Sustainability Report 2023



CEO Letter



Industrias Nettalco, over 58 years producing quality garments



Page 25

Governance for sustainability

- 08 About our company
- 09 Ourlocations
- 10 Vision, mission, and values
- 11 History of Industrias Nettalco
- 13 Our products
- 14 Our export markets
- 14 Ourclients
- 15 Certifications and affiliations



Key Figures Highlighted in 2023



Our strategic framework

- 18 Our roadmap, a new corporate direction
- 20 Engagement with our stakeholders
- 21 Materiality analysis
- 24 About this sustainability report

- 26 Corporate governance management
- 28 Sustainability management at the Executive Level
- 30 Our commitment to human rights
- 32 Ethics and anti-corruption



Excellence and market positioning

- 38 Our value chain
- 39 Integrated Management System (IMS)
- 39 Innovation and product development
- 42 Supplier management
- 44 Traceability management
- 46 Client management



Our environmental management

- 50 Energy and emissions management
- 53 Water management
- 55 Chemical management
- 57 Circular economy and
 - waste management



Our social

performance

- 64 Nettalcotalent
- 66 Employability
- 70 Training and professional development
- 73 Occupational health and safety
- 81 Corporate social responsibility



GRI content index



01

Dear Readers,

It is with great enthusiasm that I present to you our first sustainability report, highlighting the milestones we have achieved in environmental, social, and governance management.

Today marks a significant step in Nettalco's history, as we embrace a new commitment to society, recognizing sustainability as an innovative tool that will allow us to remain profitable and sustainable in the future.

Nettalco's sustainability journey began in 2020 with the establishment of our roadmap and the creation of the Sustainability Committee. These actions have enabled us to manage our operations efficiently, focus our investments using ESG criteria, and incorporate sustainability indicators into our business strategy. Through this approach, we have made a meaningful contribution to the United Nations' Sustainable Development Goals (SDGs), creating significant value for society and our country.

As part of this transition, we established the Sustainability Management to support the implementation of new projects and address the ongoing challenges the textile industry faces year after year. For this reason, we consider sustainability as an essential pillar and a key driver for businesses and brands.

Economic performance _____



The year 2023 presented significant challenges for the textile industry, leading to a 22% drop in our revenue. This decline was primarily influenced by excess inventory in our customers' warehouses, as well as the migration of sourcing to Asia and the reduction in FOB. Despite these difficulties, we implemented several business strategies that allowed us to close the second half of the year with positive results, reaching approximately \$70 million in sales revenue.

Looking ahead, Nettalco plans to explore new markets and expand its client portfolio to ensure continued profitability.

In 2023, we also made investments in our assets, and with the aim of contributing to sustainable water management, we secured financing from BBVA bank through green loans totaling 1.8 million dollars for the construction of an extension of our wastewater treatment plant (WWTP). In the coming year, we plan to invest in other production areas within the company.

Another key achievement was the recertification of the standards Nettalco holds, including the Worldwide

Responsible Accredited Production (WRAP) certification. We expanded the scope of WRAP evaluations across our operations, underscoring our commitment to compliance with labor laws and safe trade practices, among others.

Environmental performance

In 2023, aligned with client requirements, Nettalco advanced its environmental performance by inaugurated the new wastewater treatment plant to eliminate biological waste from organic materials and recover treated water in our production processes.

Thanks to the efforts of our Sustainability Committee, we significantly improved our HIGG Index environmental score by more than 50%, earning recognition from our client, Hanna Andersson, for our continuous commitment to environmental protection.

Additionally, the National Water Authority (ANA in Spanish) awarded us recognition for our enrollment

in the blue certificate program, which initiates the execution of the proposed projects. With the new WWTP, we plan to maximize water reuse in our Vulcano operations.

I would also like to highlight that we have maintained key environmental certifications, including the Global Organic Textile Standard (GOTS - version 6), Global Recycled Standard (GRS), and OEKO-TEX, ensuring our continued commitment to offering high-quality, sustainable products and to providing our clients with the confidence they need.

We have also placed a strong emphasis on training and developing young talent entering the textile industry, increasing training hours through our annual training plan. Our Sewing Training Center plays a vital role in providing comprehensive education and support to new employees.

In response to the pandemic, we accelerated our digital transformation processes, encouraging employees to adopt eco-friendly practices, such as accessing their

Social performance

At Nettalco, we are dedicated to providing the necessary support for our workforce, which is critical

to our global recognition. In 2023, our Social Well-being

department promoted interpersonal communication

between employees and General Management through

initiatives such as "Breakfast with Management", where

expectations and opportunities for improvement were discussed. We are deeply committed to maintaining an

open-door policy with all our stakeholders, particularly

our employees.





4

NETTALCO | Sustainability Report 2023

work documents digitally, significantly reducing paper usage.

In terms of corporate social responsibility, we have created shared value with communities in Chincha, Ica Province, and other stakeholders in the province of Puno. With the support of our client Hanna Andersson and

> Although there are many more achievements to highlight, I encourage all stakeholders to join forces to keep our industry competitive in international markets

I sincerely thank our employees, shareholders, and all stakeholders for their tireless efforts in implementing key ESG actions. This report, prepared under the Global Reporting Initiative (GRI) 2021 standards, reflects our economic, governance, social, and environmental performance.

I hope you find this report valuable and share it widely.

Sincerely,

César Tello CEO of Industrias Nettalco (GRI 2-22)



In Puno, we partnered with our client Lacoste's foundation and the NGO Cáritas del Perú to launch several solidarity initiatives, including health campaigns and housing improvements.

supplier Bergman Rivera, we contributed to the complete

restoration of the Pronoei Atahualpa in Chincha.

Key Figures Highlighted in 2023

Environmental



100% ofgreywater treated



8,775.83 tČO,eq total emissions



62,802 m³ ofwater consumption



1 recognition awarded by the National Water Authority (Enrollment in the blue certificate)



534.32 tons of waste generated



20% circularity of returnable cones

Social



46% of our workforce are women



100% ofthe employees had a performance evaluation



0 fatal accidents within our plants



86% employee satisfaction rate among administrative staff



1.348

employees



4 solidarity actions in Puno, in collaboration with the Lacoste Foundation and the NGO Cáritas del Perú

Governance



USD 70 MM in sales revenue





0 cases of corruption across all operations



USD

20 MM

58 years in the national market



USD **1.8 MM**

in financing for the expansion of our WWTP



72% of Nettalco's exports to the American market

Industrias Nettalco, 58 years producing quality garments

JI/KI

JUK

NET

 $\mathbf{03}$



We are a vertically integrated textile and apparel company based in Lima, Peru. We specialize in the production and export of cotton knitted garments and blends, which we manufacture to order for leading international clients.

We operate as contract manufacturers, producing garments according to the designs and specifications of our clients. **(GRI 2-1) (GRI 2-6)**

What sets us apart?

At Industrias Nettalco, we have embraced a new commitment to society by recognizing that SUSTAINABILITY is a key innovation tool to ensure our future relevance. Today, sustainability is embedded in all our processes, and we are focused on consistently creating economic and social value over time.



Commitment to sustainability and sustainable development

We have taken the first step by establishing our long-term roadmap, with the goal of integrating sustainability into all areas of our company. We aim for it to become a driving force that propels us to conduct business responsibly, contributing to the restoration and conservation of the environment while generating competitive advantages.



Traceability and transparency

We promote transparent practices by disclosing the origin of our raw materials and identifying the negative impacts generated during our processes. We provide our clients with clear and transparent information about these impacts and work synergistically to minimize and manage risks throughout our value chain. This allows us to make a positive contribution to enhancing social and environmental outcomes. Additionally, our progress in impact management is publicly available on the HIGG Index platform.



Contributing to closing social gaps: poverty

We generate quality employment in Peru and ensure that all our employees have access to fair wages and safe working conditions.



Health and well-being

We promote a safe, positive, and productive work environment, ensuring work-life balance for our employees. At Industrias Nettalco, we have developed a Comprehensive Health Program that addresses both the physical and emotional health of our employees and their families, ensuring holistic well-being for our workplace community.

3.2 Our locations

We are a vertically integrated textile company headquartered in Lima, Peru. Established in 1965, we have focused on the production and export of knit cotton garments since 1987, primarily serving catalogs and retailers. We operate two production facilities: Vulcano and Cercado, located in the districts of Ate and Cercado de Lima, respectively. These facilities handle processes such as knitting, dyeing, molding, cutting, sewing, and finishing. **(GRI 2-1)**



At our Vulcano facility, we conduct knitting, yarn dyeing, fabric dyeing, digital fabric printing, cutting, sewing, embroidery, and positional printing processes. Notably, **30% of our sewing operations** take place at Vulcano.



In addition, our Cercado facility is dedicated to sewing, finishing, packaging, laundering, final auditing, and dispatch processes.

This location handles 70% of the sewing operations across the corporation.

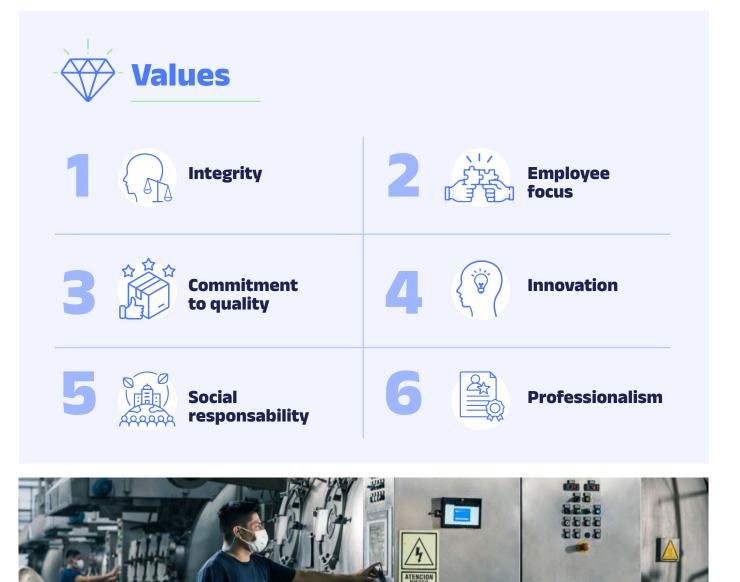
3.3 Vision, Mission, and Values



To deliver high-quality products and services to our clients, meeting the highest international standards and consistently exceeding their expectations.



We aspire to become the leading Peruvian company in garment exports, recognized globally as a top contract manufacturer.



3.4 History of Industrias Nettalco





in Peru, entering the textile industry.

1987

We started exporting cotton knit garments and their blends.

1989 —

We built the Cercado de Lima plant, which houses the largest number of sewing lines, as well as the finishing and final auditing areas.

1993-1995

We expanded our client portfolio, securing contracts with major brands such as Nike and Liz Claiborne.

1997

Growth continued with the arrival of **clients such as Land's End and L.L. Bean.** We also developed a growth plan and began modernizing our machinery.

2006

We managed to maintain revenue equivalent to 6% of Peru's total textile exports.

2009

We faced the global financial crisis with resilience, **maintaining revenue** equivalent to USD 39 million despite the challenging conditions.

2011

We began an **economic recovery** that allowed for sustained and moderate growth.

2014

We constructed the Vulcano building, which enabled us to integrate many of our operations. **Today, we operate two plants.**

-2016

We invested in our digital printing plant by acquiring a printer and steamer. **Currently, we have four machines dedicated to digital printing.**

2020

We navigated the COVID-19

pandemic with a rigorous health control plan, successfully overcoming challenges with the support of our clients and team. We established the Sustainability Committee and developed a clear strategic plan with specific objectives. We also obtained GOTS certification.

2021

We received the "Best Eco-efficient Company 2021" award from PromPerú.

2022

After two years of the pandemic and some uncertainty, **we achieved the best revenue year in our history,** reaching USD 90 million.

2023

We expanded our biological water treatment plant, **which will allow us to recover 70% of the water used.** Additionally, we are working towards obtaining GRS recertification.

3.5 Our products

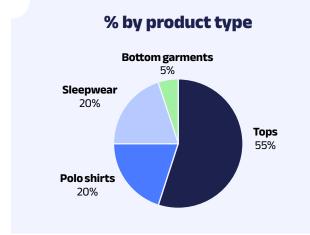
Product Line

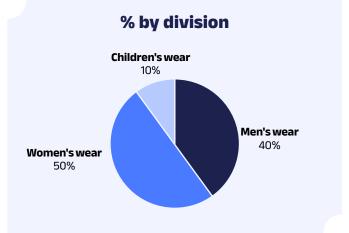


Nettalco

Knit garments

We produce and export knit garments primarily made from 100% cotton yarns, including Peruvian pima, Supima, Upland, and organic cotton. Additionally, we complement our raw materials with cotton yarns blended with other fibers such as lycra, polyester, micromodal, bamboo, and other natural fibers. At Industrias Nettalco, we take pride in offering a variety of fabric options that cater to different preferences and needs, always ensuring the highest quality and variety in our product range.





Product Categories

Knit fabrics (fabrics): Jersey, interlocks, piqué, double-faced, waffles, jacquards.

Garments



3.6 Our export markets

In recent years, Industrias Nettalco has strengthened its presence in international markets, establishing itself as one of the most reliable suppliers for prestigious brands. We continue to work diligently to expand into new horizons, showcasing the excellence of our products to the world. Our products are manufactured with a focus on quality, sustainability, and modern innovation.



Other export destinations where Nettalco has a presence account for 5.68%.

3.7 Our clients

We maintain long-term relationships with our clients, who value not only the exceptional quality of our products but also our ability to provide quick responses in development and production timelines. We understand market demands and are committed to exceeding our clients' expectations by offering innovative solutions, flexibility in the development process, and efficient production. This unwavering dedication to excellence has allowed us to build and sustain strong, lasting relationships, reinforcing our reputation as a reliable partner committed to our clients' success.



3.8 Certifications and Affiliations

We work in close collaboration with institutions, organizations, and textile industry associations that drive competitiveness both in Peru and internationally. Within this cooperative framework, we focus on overcoming regulatory challenges, strengthening our international competitiveness, promoting innovation, and advancing our sustainability agenda. **(GRI 2-28)**



Below is a list of the organizations and associations we are part of:





Our rigorous compliance with standards and constant monitoring of our production processes and work environment have enabled Nettalco to obtain international certifications as a responsible producer. This provides our clients with the reliability they need.

PREVEX

Our certifications



Global Organic Textile Standard

Ensures the ecological criteria of textile products from the harvesting of raw materials through to labeling, guaranteeing that manufacturing is both environmentally friendly and socially responsible.



OEKO-TEX Certification

Given to companies that certify the absence of harmful substances in textiles used and throughout all stages of product manufacturing.



Certification

BASC

Awarded to companies that guarantee transparent, safe, and reliable trade at both national and international levels.



WRAP Certification

Recognizes companies that promote safe, legal, humane, and ethical manufacturing practices globally.



Supima Certification

Granted to companies that use the finest cotton in their garment production processes.



Recycled Claim Standard

Certificate that ensures the preservation of the identity of recycled content from raw material to final product





Ensures that textile companies produce responsibly and that their supply chains meet high sustainability standards in the production and marketing of cotton.



A certification managed by Disney that includes an audit designed to ensure that the facilities producing its products are safe and corporate workplaces. This audit, part of the International Labor Standards (ILS) Program, establishes Disney's labor standards and holds suppliers accountable for meeting these requirements from production to products' sale.

Our strategic framework

04

4.1 Our Roadmap: A New Corporate Direction

At Industrias Nettalco, we understand that achieving our business objectives requires continuous evolution. This evolution involves a thorough reassessment of our business methods, with the goal of integrating sustainability across all aspects of our corporate strategy. In 2020, we began developing our sustainability strategy, designed to implement actions that minimize our environmental and social impacts. **Through this approach, we committed to responsibly addressing our duties toward sustainable development. (GRI 2-14)** (GRI 2-23) (GRI 2-24)

Sustainability pillars

Quality

We define sustainability through quality. We use the best available materials, provide excellent service, and rely on the skills and motivation of our employees to maintain our high standards.



Lifecycle

We assess every improvement in our production with a global perspective, anticipating and managing both current and future impacts locally and globally to ensure the long-term strength of our company.



Commitment

We strive to create a better quality of life for our employees by fostering good relationships and teamwork. Through these efforts, we generate a positive impact on society.



Competitiveness

Remaining competitive allows us to maintain our market position. To achieve this, we work in synergy across different areas of the company, instilling a culture of continuous improvement in our processes and promoting eco-efficiency, technological innovation, and training for all our employees.



Collaboration

We collaborate closely with our clients to surpass their expectations, ensuring not only the delivery of quality products but also the promotion of efficiency among our employees.

Our path to sustainability is a long-term journey, meaning our goals and actions will be developed gradually. We have outlined the first phase of strategic Environmental, social, and governance (ESG) actions for 2025, with the second phase to be implemented by 2050.

Goals 2020 - 2025

Develop a waste management system.

Recover and reuse

processes.

X

clear water in dyeing

our facilities by 10%.

Reduce CO₂ emissions at

Reduce water and energy consumption at the Vulcano plant by 10%.

Obtain the first star in the Carbon Footprint Peru program by achieving the calculation and generation of the corresponding report. Align chemical management

requirements with the Zero Discharge of Hazardous Chemicals (ZDHC) guidelines.

Achieve the highest level of efficiency in waste reduction—both solid and liquid—within the Peruvian textile sector.

Additionally, we have aligned our corporate strategy with the United Nations Sustainable Development Goals (SDGs), aiming to positively impact the economic, environmental, and social dimensions through our actions.



4.2 Engagement with our stakeholders

We establish long-lasting relationships with our stakeholders, always striving to maintain an open, continuous, and honest dialogue to thoroughly understand their perceptions, expectations, and needs.

To facilitate this dialogue, we offer a range of internal and external communication channels that foster active and collaborative listening. By doing so, we are able to work together toward shared goals, strengthening our competitiveness and positioning within the textile sector. **(GRI 2-29)**



Below are the key stakeholders with whom we engage:



4.3 Materiality analysis

The materiality analysis is a crucial tool in our sustainability management, as it enables us to effectively determine our strategic priorities. In response to the recent updates to the Global Reporting Initiative (GRI) reporting standard, **we have initiated a review process of our material topics,** incorporating the new evaluation criteria that emphasize due diligence and human rights.

Aligned with this initiative, we have shifted our materiality strategy towards impact, integrating the identification of real and potential impacts in environmental, social, and human rights dimensions for our stakeholders. Additionally, we have carefully considered the risks and opportunities that could influence our ability to generate value for these groups.



In our current analysis of material topics, we have developed a prioritization quadrant that provides a clear visualization of the most significant issues for our organization. We plan to update our material topics biennially to ensure the relevance and accuracy of our sustainability strategies. (**GRI 3-1**)

Here are the methodological steps we have followed to identify our material topics:



Understanding the organizational context

We conducted an internal and external analysis of the environment in which our company operates. Externally, we performed benchmarking against leading companies in the textile sector with which we maintain commercial relationships. We also reviewed key sustainability guides and standards, focusing on the SASB standard specific to the apparel, accessories, and footwear sector. Additionally, we examined key sustainability trends in our sector and potential country-level risks that could affect us. Internally, we reviewed our sustainability strategy and its impact on value generation, and we assessed the main policies and management documents to understand the sustainability topics we have been addressing.



Identifying real and potential impacts

We organized a workshop with management to identify the impacts of our activities, both positive and negative, real and potential. Additionally, we used methods such as surveys and focus groups with various stakeholders, including commercial clients, employees, and suppliers, to gather their opinions on the most impactful aspects of our operations.

Evaluating and prioritizing real and potential impacts

After thoroughly analyzing the previous stages, we applied several criteria to prioritize the most significant impacts. For negative impacts, both real and potential, we evaluated them based on their scale, scope, probability, and severity. For positive impacts, both real and potential, we considered scale and scope, among other relevant criteria. In conclusion, we identified, assessed, and prioritized the impacts most relevant to our sustainability management.

4			
	† -	-0	
	\bigcirc		

Validation of material topics

We presented the most significant material topics for our organization to the Sustainability Committee of Industrias Nettalco, which approved the proposed material topics. **Below, we detail our prioritization of the list of material topics.**



2023 Material topics

10.00 9.00 8.00 **A1 IMPACT ON STAKEHOLDERS** 7.00 G1 G4 G3 S1 G5 🔵 A3 (6.00 A2 52 **G**2 00 5.00 4.00 Ó 3.00 2.00 1.00 0.00 0.00 2.00 3.00 4.00 7.00 8.00 9.00 1.00 5.00 6.00 10.00

IMPACT AND OPPORTUNITIES FOR THE COMPANY





About this sustainability report

(GRI 2-2) (GRI 2-3) (GRI 2-4) (GRI 2-5)

The creation of our first sustainability report, aligned with the methodology of the Global Reporting Initiative (GRI) standard, marks a significant milestone for Industrias Nettalco. This report adheres to the Global Reporting Initiative (GRI) standards and integrates the frameworks of the United Nations Sustainable Development Goals (SDGs) and the principles of the Global Compact.

In this report, we present to our shareholders and other stakeholders our performance in managing environmental, social, and governance (ESG) impacts.

Scope



This annual publication contains information for the fiscal year from January 1 to December 31, 2023 and includes only Industrias Nettalco's operations in Peru.

Verification



The information in this report has not been restated or verified by an external auditor.

Criteria used for report preparation

Key programs and projects we are implementing as part of our sustainability strategy. Achievements and milestones of our sustainability management during this period. Definition of materiality criteria based on the concept of impact. Alignment of our material topics with the SDGs and the Global Compact framework.

Governance for sustainability

1'S-40'S Ne=10g >40'S Ne= 5g

22

23

"A'

Interlock

X

Place Mark at zero

Annhinhin .

Single Jersey

05

=

Wales

=100

1 Rib = 50 |

5.1 Corporate governance management

We recognize the fundamental importance of corporate governance in managing our operations. We believe that to lead the way toward sustainability, we must ensure decision-making is equitable, efficient, and creates value for all our stakeholders.

General Board of Shareholders **is the highest governing body** within our company.

GBS Members meet **2 or 3 times** a year to address various matters related to our company's performance.

During the mandatory session held in February, we review the previous year's financial results, discuss the dividend policy, and appoint the Board of Directors for the upcoming year. Additionally, we review the company's financial statements, which are audited for greater transparency. **(GRI 2-9) (GRI 2-10)**

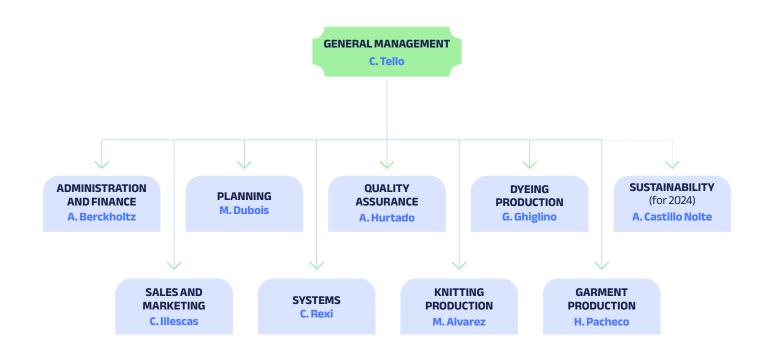
Our Board of Directors has been composed of the same members for the past 30 years. Currently, the members of the Board are not independent; they are individuals closely linked to the company. **(GRI 2-10)**

Our executive team meets monthly to address a wide range of topics, including economic results and

projections, decisions on granting or revoking powers, evaluation of the achievement of goals by the main management teams, and gradually, issues related to the management of sustainability impacts.

Currently, our Board of Directors consists of three professionals with deep knowledge of the textile sector in Peru. It is important to note that our directors are high-level executives closely associated with the company. To date, we have not implemented any form of evaluation for upper management. **(GRI 2-18)**

Corporate governance structure



Nettalco Executive Committees



At Industrias Nettalco, we have established several committees to effectively manage various aspects of our company. These committees are vital as they not only facilitate informed decision-making but also enhance operational efficiency. Currently, Nettalco operates with four key committees.





Health and Safety Committee

Responsible for approving occupational health and safety (OHS) documents and reviewing safety issues, particularly the findings of unsafe conditions. It actively supports the implementation of corrective measures and regularly reviews workplace accident statistics. This committee convenes once a month to ensure ongoing attention to health and safety matters.



Sexual Harassment Committee

Tasked with investigating and sanctioning cases of sexual harassment, ensuring the protection of all employees' rights. Additionally, it plays a crucial role in ensuring that the company's established policies and regulations are effectively communicated to all members of the organization.



Sustainability Committee

Focuses on proposing and implementing initiatives aimed at improving sustainability within the company. It addresses critical areas such as energy savings, water management, effluent management, environmental commitments, carbon footprint, and water footprint. This committee meets weekly to monitor and evaluate progress towards these goals.



Dedicated to listening to employees, gathering their suggestions, complaints, and concerns with the objective of improving the work environment. Monthly meetings are held at each plant, involving a sample of 20 randomly selected employees who represent various work areas. The follow-up and oversight of this committee are managed by the Social Welfare - Human Resources department.



5.2 Sustainability Management at the Executive Level

General Management

Sustainability management is led by our General Manager, César Tello, whose experience and knowledge in the textile sector not only ensure the continuity of our business but also play a crucial role in integrating sustainability into our corporate strategy. The long-term goals of our good governance ecosystem include developing ethical and transparent management within our organization. Among the responsibilities that the Board of Directors has delegated to the General Management is the comprehensive management of sustainability. This entails managing sustainability holistically, ensuring compliance with the ESG indicators outlined in our sustainability plan. Additionally, it is within their purview to review and approve both the material topics and the sustainability report. **(GRI 2-14)**

The General Management presents sustainability matters to the Board and remains updated on key

projects and critical sector concerns, plans, and progress.

In 2020, a key milestone was the creation of the Sustainability Committee and the delegation of coordinating the comprehensive execution of ESG actions. Together with General Management, the Sustainability Committee, and the coordination team, we are working to position Nettalco as a benchmark on the path to sustainable development. (GRI 2-11) (GRI 2-12) (GRI 2-13) (GRI 2-14) (GRI 2-16)

چک

Sustainability Committee

The Sustainability Committee was established in 2020 following the first ICS (Initiative for Compliance and Sustainability) audit. It comprises key departments, including Occupational Health and Safety, and Environment (SSOMA in Spanish), Maintenance, Human Resources, Quality Assurance, and Sustainability. Since then, the committee has been responsible for executing action plans derived from audits, implementing circular economy initiatives, fulfilling environmental commitments of Environmental Management Instruments (IGA), and participating in local government programs (APL, Blue Certificate). The committee consists of the following members:



Aldo Hurtado Arriola Head of Quality Assurance



Giorgi Lluncor Silva SSOMA Supervisor



Paola Yataco Hernández Head of Human Resources



Ruby López Ulloa Sustainability Analyst



Erick Macedo Paredes Head of Maintenance



Alejandro Castillo Nolte Head of Sustainability

Beyond these actions, the committee has continuously trained all Nettalco personnel on topics like water and energy eco-efficiency, and solid and textile waste management.

In 2023, in collaboration with General Management, we organized a sustainability workshop for all committee members, led by the consulting firm Modo Sostenible. This workshop covered environmental and social management as well as current trends in reporting. **(GRI 2-17)**



Finally, for 2024, we have a project to strengthen the Sustainability department. This initiative will be carried out due to the need to reinforce and boost the area, given the growing importance of sustainability issues within the textile industry.



5.3 Our Commitment to Human Rights



Human Rights Policy

Human rights are universal, and every person deserves to be treated with dignity and equality. Basic rights include, but are not limited to, privacy, health, life, freedom, and security. As businesses, we have a minimum responsibility to respect human rights. At Industrias Nettalco, we are committed to fostering a culture that respects and promotes the human rights of our employees, as well as those within our extensive supply chain and the communities in which we operate. (GRI 2-23) (GRI 2-24)

The scope of our human rights policy includes:



INCLUSION AND DIVERSITY

We offer equal opportunities and are committed to creating a culture free from any form of discrimination and harassment.



SAFETY AND WELL-BEING

As part of our commitment to human rights, we ensure a "Zero Harm" approach in our operations, providing our employees with safe working conditions, supported by appropriate training and equipment.



LABOR RIGHTS

We make sure that rights are fulfilled of all our collaborators. Regarding collective bargaining, we respect the labor laws and practices of each country and do not obstruct the development of independent and free association.



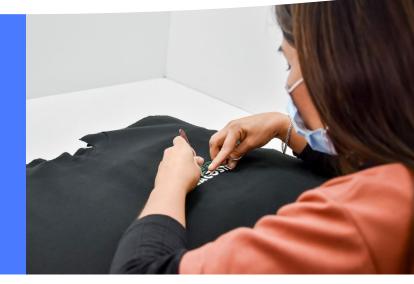
RESPONSIBLE HIRING

We have stringent selection criteria for our suppliers, including the requirement to respect the labor rights of its workers.

🦗 🛛 Human Rights Policy 🛛 😪

WRAP Certification

At Industrias Nettalco, we adhere to the twelve principles of the World Wide Responsible Accredited Production (WRAP) standard, ensuring responsible and ethical practices in our production processes. These principles are integral to our certification and reflect our commitment to upholding labor standards, safety, and human rights throughout our supply chain.



Below are the principles we comply with as part of our certification:

Compliance with laws and workplace regulations	Prohibition of forced labor	Prohibition of child labor	Prohibition of harassment and abuse
Compensation and benefits	Customs Compliance	Security	Hours of work
Freedom of association and collective bargaining	Prohibition of discrimination	Health and Safety	Environment

Corporate Ethics Code

Our Code of Ethics is firmly committed to upholding human rights, applying to all employees within the company and extending to our suppliers and contractors. To ensure transparency, we make our Code of Ethics and related human rights policies publicly available on our website for all stakeholders. www.nettalco.com.pe

- 🕑 Corporate Ethics Code
- Sustainability Policy
- 🕑 Quality Policy

Oversight and Responsibilities

Human rights policies are overseen by the Board and General Management. It is the prerogative and responsibility of these members to modify the Human Rights Policy and its associated objectives to align with the group's evolving needs concerning human rights issues.



5.4 Ethics and Anti-Corruption

In our continuous pursuit of responsible and sustainable business practices, ethical management and anticorruption are central to our corporate philosophy. We are committed to operating transparently, fairly, and respectfully with all our stakeholders, recognizing the importance of maintaining high ethical standards in all aspects of our operations.

Ethics Management at Nettalco



At Industrias Nettalco, we maintain high ethical standards and integrity in all our operations. **We are committed to building a corporate culture** and compliance framework that embodies the ethical values we uphold as an organization for our stakeholders.



We have robust mechanisms that enable us to develop transparent and sustainable practices. We ensure compliance with the regulatory framework through our Corporate Code of Ethics, internal reporting channels, anti-bribery policies, and a risk prevention model. Additionally, we have established an Ethics Committee, which is responsible for supervising, evaluating, and addressing ethical issues within the company. In this way, we guarantee transparent, consistent, and secure operations for all our stakeholders. **(GRI 2-24)**

Industrias Nettalco's compliance policies



Corporate Code of Ethics



Transparency Policy



Anti-Corruption Policy



Policy Against Bribery, Corruption, and Conflicts of Interest



Complaints and Grievances Procedure

Corporate Code of Ethics

This management document establishes Nettalco's corporate values, as well as the principles and standards that our employees, suppliers, and contractors must follow.

Below are the guidelines established in our Code of Ethics:

- We develop and provide goods and services that satisfy clients and consumers.
- We promote fair, transparent, and free competition, ensuring that transactions are conducted appropriately.
- We engage with all stakeholders and are prepared to share information appropriately based on their level of involvement.

It is a requirement that every new person joining the company must acknowledge and sign the Code of Ethics, committing to adhere to each of the guidelines, including suppliers within this scope. **(GRI 2-15)**

- We protect and manage the personal and confidential data of our shareholders, clients, and employees appropriately.
- We respect the diversity, character, and personality of our employees, ensuring a comfortable work environment and thereby providing a sense of well-being and enrichment.
- We maintain an honest and open relationship with political bodies and government agencies.

🔅 Corporate Code of Ethics 🕞

Nettalco Ethics Line

In alignment with our Code of Ethics, we encourage our employees, suppliers, customers, and other stakeholders to report and raise concerns about unethical practices.

Currently, the scope of the ethics line is managed by the Human Resources department, which is responsible for monitoring and addressing the reports received. Below are the communication channels available for submitting complaints, concerns, and grievances: (GRI 2-25) (GRI 2-26)





aan

It is important to emphasize that all our employees are aware of and actively use these internal communication channels, which are supported by the Human Resources department and Nettalco's Upper Management. These efforts encourage us to continue working towards maintaining a safe working environment for all employees.

Anti-Corruption Management

reports.

At Industrias Nettalco, we are firmly committed to transparency and integrity in all our operations. This commitment is reflected in our solid framework of best practices, standards, and policies applicable to all our operations. We also adhere to best practices and transparent conduct in our relationships with clients and suppliers, promoting business relationships that are transparent and free from corruption, unfair competition, and other improper behaviors. In line with our compliance system, we have implemented an Anti-Corruption Policy that includes mechanisms to prevent and address potential violations. We explicitly prohibit bribery, extortion, corruption, and any abuse of power, whether direct or indirect, for all employees and business partners. Additionally, our Policy Against Bribery, Corruption, and Conflicts of Interest is communicated and upheld by all stakeholders.



To ensure transparent and ethical business relationships with our suppliers, we have obtained certification under the BASC (Business Alliance for Secure Commerce) standard. Through this system, we prevent illicit activities such as smuggling, drug trafficking, and terrorism throughout our supply chain. This ensures that our clients can trust that we conduct our activities under high ethical and quality standards, making us a reliable supplier with a strong corporate reputation. (GRI 3-3) (GRI 2-15) (GRI 205-1) (GRI 206-1)

Below are the policies that govern our compliance system:



Anti-Corruption Policy



Policy Against Bribery, Corruption, and Conflicts of Interest



BASC Certification

Milestones in our anti-corruption management (GRI 205-3)



instances of corruption in all Nettalco operations.

Communication and training on anti-corruption policies and procedures (GRI 205-2)



As part of our compliance system, we conduct training and education on anti-corruption topics for all Nettalco employees.

Communication of anti-corruption policies and procedures by job category and region (GRI 205-2)

Job category	Region	Total Number	Percentage
Board of Directors	Peru	3	100%
Employees	Peru	1,348	100%
Clients	Peru	7	100%
Suppliers	Peru	51	17%

Training on anti-corruption topics for governance bodies by region (GRI 205-2)

Job category	Region	Total Number	Percentage
Board of Directors	Peru	3	100%

Training of employees on anti-corruption topics by job category and region (GRI 205-2)

Job category	Region	Total Number	Percentage
Administrative staff	Peru	4	100%
Operators	Peru	443	67%

INCRESO DE

Excellence and **Market positioning**

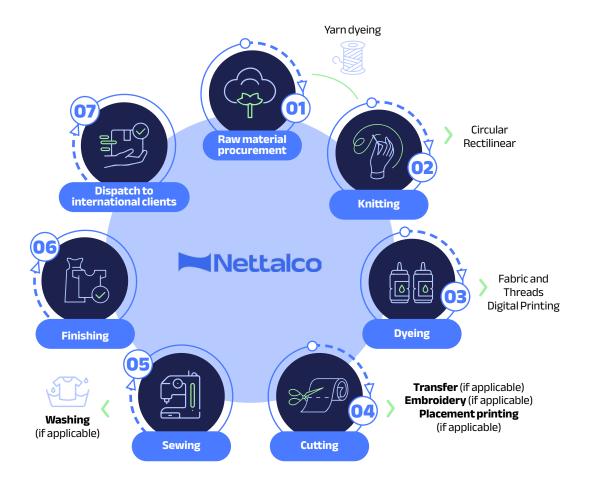
QUILTED

ACOSTE

6.1 Our value chain

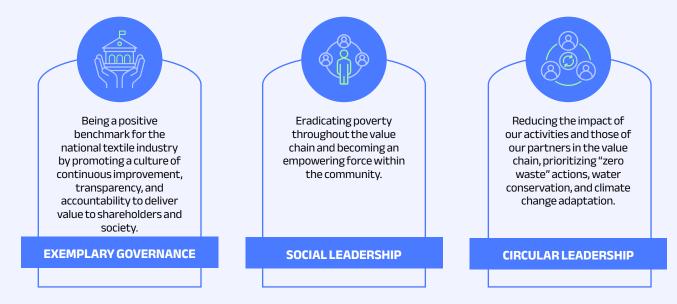
Our value chain encompasses a wide range of activities, from sourcing raw materials such as cotton and yarn, through product design and development, fabric and garment manufacturing, to distribution and export sales. Each stage plays a crucial role, from selecting suppliers who ensure the quality and sustainability of materials to implementing efficient and environmentally responsible production processes. We integrate innovation in design and technology, which is essential for maintaining competitiveness in an ever-evolving market. Additionally, logistics management and communication strategies are key to effectively engaging with our clients. **(GRI 2-6)**

HABILITADO DE COSTURA



6.2 Integrated Management System (IMS)

The Integrated Management System of Industrias Nettalco focuses on the following areas of action:



6.3 Innovation and product development

Innovation is a key component of Industrias Nettalco's strategy, enabling us to address current challenges and meet client demands effectively. We are committed to continuous research and development of new methods, technologies, processes, materials, and designs that incorporate sustainable, high-quality, and efficient attributes.

From our Planning and Industrial Engineering department, we manage projects aimed at improving productivity and reducing waste by utilizing information-based technologies such as Machine Learning, IoT, Artificial Vision, Business Intelligence, and RPA (Robotic Process Automation). These technologies enable us to achieve significant levels of ecoefficiency by minimizing waste and processing times, which results in lower production costs.



We stay informed about the latest technological trends in the textile sector, particularly regarding Industry 4.0. The integration of advanced techniques along with artificial intelligence allows us to achieve more efficient and customized production, from planning and design to manufacturing and distribution. Industrias Nettalco's challenge lies in its ability to constantly adapt, transform, and evolve, ensuring the delivery of high-quality services with a focus on responsibility and sustainability. (GRI 3-3) (Non- GRI: Technology & Innovation in Product Quality)

In 2023, our innovation and product development efforts focused on achieving three main objectives:



Reduce fabric and garment waste by 10% per year.



Achieve a 98% on-time delivery rate for preproduction and production.



Increase productivity by 5% per year.

Key projects developed in 2023

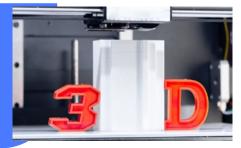


3D Technologies

We have integrated the ability to design garments in 3D using the CLO tool, allowing us to accurately simulate the appearance and behavior of garments virtually. This technology enables us to perform wear simulations, size adjustments, design proposals, and prototyping, significantly speeding up the adoption and creation of new styles, meeting the time-sensitive demands of our clients for decision-making.

3D Printing

The implementation of 3D printing has allowed us to quickly create devices that reduce production times in Knitting and Sewing.



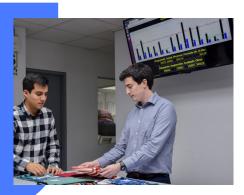


CIM (Computer Integrated Manufacturing)

In the Weaving and Sewing department, we have implemented controllers that allow online monitoring of production levels and machine stoppages via tablet-based systems. This has enabled us to respond more proactively, improving production efficiency and reducing lead times.

Continuous Supply

We utilize software that automatically generates production orders for ongoing styles before the client submits a purchase order, thereby significantly reducing the lead time required between order placement and dispatch. Clients provide visibility into their actual and projected sales and inventories via EDI. We have implemented NPM, CR, and QR models.





RPA (Robotic Process Automation) for fabric consumption

We use software that automates tasks by interacting with our applications and systems, mimicking analysts' actions. The key advantage is that this system operates 24/7 without errors. This capability has significantly reduced the time required to deliver pricing to our clients while automating fabric consumption calculations critical to starting production.

Voice Recognition

We use software that allows users to interact with the system using their voice, offering benefits such as convenience, faster handling of tedious data, hands-free operation, intuitive use, and even empathy, as the system can understand the context and tone of communication, greatly enhancing system interaction.





Lessons learned

During the development and execution process, we have learned the importance of aligning with the company's strategy. This means not adopting technology simply because it is trendy, but rather identifying the benefits that help us achieve our strategic objectives. To achieve this, we have established an crossfunctional committee responsible for reviewing and prioritizing projects to maximize efforts and achieve the best results aligned with the company's goals. This committee is led by the General Management.

6.4 Supplier Management

At Industrias Nettalco, we are committed to developing a responsible, sustainable, and efficient supply chain that enables us to meet our clients' demands. Our Logistics department manages the entire process of selecting, evaluating, and contracting suppliers. Additionally, we have a Purchasing Policy and Supplier Selection Procedures that ensure criteria for quality, service, pricing, and availability are met.

We evaluate suppliers based on technical criteria and assess their levels of criticality through risk management,

using our Risk Evaluation Matrix as a reference. This matrix categorizes risks as high, medium, or low. For critical suppliers, we require a set of documentation to verify their qualifications.

We maintain a list of critical and non-critical suppliers, who undergo regular evaluation and standardization processes. Given that Nettalco holds BASC certification, we carry out a series of communication activities with suppliers and contractors to prevent illicit activities that could jeopardize operations in the supply chain.

At present, we do not conduct evaluations based on ESG or sustainability criteria; however, in line with our medium-term sustainability strategy, we are working towards their inclusion to meet our proposed goals and KPIs. The work we have begun is crucial, as it allows us to strengthen bonds of trust and collaboration with our supply chain. (GRI 3-3) (GRI 308-1) (GRI 308-2) (GRI 414-1) (GRI 414-2)

Local purchases

In line with our Purchasing Policy, we define local sourcing as any contracting process conducted within the national territory. Our local purchases primarily involve acquiring products based on production demand. These purchases are divided into three components. First, we purchase yarns for fabric manufacturing, which are subsequently used in garment production. Second, we acquire chemicals and dyes. Finally, we close the supply process with the purchase of accessories. In 2023, our national purchases amounted to a total of \$20 million in Peru, covering acquisitions for both Cercado and Vulcano operations. **(GRI 3-3)**



Percentage of contracts with local suppliers in 2023 (GRI 204-1)



6.5 Traceability management



At Industrias Nettalco, we recognize traceability as a key aspect of our business management. The increasing demand for transparency in social and environmental information from our stakeholders compels us to trace the origin of our raw materials, fibers, chemicals, production systems, and more. To achieve this, we maintain a clear vision of our supply chain and have a thorough understanding of our internal and external processes.

In 2023, we made significant progress in our traceability management by establishing our Traceability Policy, which covers raw materials, chemicals, and other internal and external processes. Additionally, we voluntarily joined the non-profit organization Better Cotton Initiative (BCI), which is committed to ensuring good environmental and social practices throughout the supply chain, both upstream and downstream.

Furthermore, we hold the US Cotton Trust Protocol certification, which promotes sustainable practices in cotton production. This certification provides our clients with confidence that our products are made using sustainable cotton with a reduced environmental impact. From a social and ethical standpoint, we ensure compliance with labor practices from raw material production to the final product.

We maintain rigorous traceability controls both with our suppliers and on the products they provide, ensuring that technical and safety data sheets are always readily available. Internally, we have developed a tool that streamlines the management of various processes. Using a QR code, managers can easily access detailed information on the type of cotton used, the chemicals and dyes applied, and the personnel involved at each stage of garment manufacturing. **(GRI 3-3) (Non-GRI: Traceability Assurance)**

Learn more about our certifications

BCI Better Cotton Initiative



USCOTP US Cotton Trust Protocol

Milestones in our traceability management



Industrias Nettalco's internal traceability tool has been consistently praised by our clients, as it allows them to visualize in detail all the processes involved in the production of their garments.

Upcoming projects for 2024

<u>°°°</u>

Participate in our clients' traceability programs, as many of them have their own tools to visualize their supply chain, and we actively collaborate in these initiatives.



relationships with suppliers to ensure they consistently provide information about the yarns we acquire.



Adapt our chemical inventory to the ZDHC inventory format, enabling clear identification of the batch and location of chemicals currently used in production.



Lessons learned

Transparency in the production chain is increasingly crucial to our clients and international standards like Textile Exchange and ZDHC, as it directly impacts human rights, environmental protection, and other key issues.

Having detailed, real-time information about our production chains is now essential and has become a fundamental aspect of our supplier transactions.

Marketing and labeling



Today's society demands that the products and services they purchase meet high standards of quality and environmental and social sustainability. To meet the rigorous expectations of our clients, Industrias Nettalco manages marketing and labeling based on the manuals provided by each client. These manuals detail the specifications for each season, fabric compositions, labeling, and environmental and social care declarations.

This synergistic work positions us as one of the most reliable and secure suppliers, as we meet all quality and sustainability requirements. Additionally, we promote responsible consumption and encourage consumers to maintain their garments for the long term. It is important to highlight that responsible communication and labeling are the direct responsibility of the client. The brands we work with reflect their commitment to protecting the planet, minimizing environmental impacts, and indicating the composition and origin of raw materials on their labels. Finally, we are developing a significant project with one of our main clients, where we seek to capture programs for outlets by maintaining product quality while reducing materials to lower production costs. In this context, we are proposing new accessory options, including labeling. (GRI 3-3) (GRI 417-1)

	di manali ili
	made with organic - in conversion material
	8 31 3 1 0 8 4 0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	made with organic -
	Zertifiziert durch
	Ecocert Greenlife
110	151842
	and the second second second second

6.6 Client management

We serve prestigious international brands with whom we have built long-term relationships. We continuously work to meet their needs, understand their expectations, and identify areas for improvement, all while aligning our client-focused actions with our Sustainability and Traceability Policies.

In 2023, our strong client relationships led to investments in our modern wastewater treatment plant (WWTP), which we plan to inaugurate in the first half of next year. These initiatives sustainability is to align our environmental and social standards with those of our clients. **(GRI 3-3) (Non-GRI: Positive client relations)**

Below are the objectives we have set for our client management:



Response time

This is a key factor in maintaining good client relationships, as it is constantly evaluated by our clients each season.



Production time for developments and samples

Timely production of developments and samples is crucial for building client trust, as meeting the required pre-production deadlines is highly important.



Competitive pricing

Securing programs is a crucial measure of our pricing competitiveness. To achieve this, we must meet or closely approach the target price.



On time

Meeting agreed lead times for production is vital for maintaining client trust and establishing strong relationships.



At Nettalco, we are leading a series of innovative projects to enhance our client relationships. These projects go beyond simply offering trendaligned products, focusing instead on creating meaningful experiences and building an emotional connection with consumers.



Lessons learned

In 2023, we decided to improve our preproduction lead time by forming specialized teams. This will enable us to produce fabric samples more quickly in 2024, enhancing our delivery times and service.

programs for quotation.

Our environmental management

07



At Industrias Nettalco, we are committed to implementing the best environmental management practices.

As part of our roadmap, we conduct annual assessments of our environmental impacts. With the support of Upper Management, we have set ourselves the macro goal of becoming a carbon-neutral company by 2050.

Since 2021, we have been enhancing our Environmental Management System. Our commitments, objectives and goals are outlined in our Sustainability Policy, Environmental Policy, and Sustainability Strategy. We also assess our environmental performance annually using the HIGG Index FEM module.

As part of our management priorities, identified through materiality analysis, we have prioritized ecoefficiency in key areas like water, chemicals, energy, waste, and the promotion of a circular economy.

We are also strengthening our environmental culture with our strategic stakeholders. Thanks to client encouragement, we will soon launch a state-of-the-art biological wastewater treatment plant (WWTP). Additionally, as part of the HIGG Index initiatives, we train our employees in sustainable and eco-efficient practices to protect resources and minimize impacts. In 2023, during our environmental assessments and monitoring, we received a sanction from the regulatory body OEFA, which fined us for non-compliance in recycling particulate material at the Vulcano plant. In response, we have adjusted our Environmental Management Plan (PMA in Spanish) to prevent future sanctions. **(GRI 3-3) (GRI 2-27)**

Below are the policies and tools guiding our environmental management:



Sustainability Policy

We set objectives to contribute to achieving specific goals related to the protection and conservation of natural resources, as well as actions to mitigate climate change. We are committed to improving our environmental performance, ensuring a positive impact on our surroundings.

Learn more 🕞



Environmental Policy

We comply with the applicable environmental regulations for our operations and develop environmentally conscious practices with all our stakeholders.

HIGG Index - FEM Module

Higg Index The HIGG Facility Environmental Module (HIGG FEM) is a sustainability assessment tool that standardizes how facilities measure and evaluate their environmental performance annually. At Nettalco, we have been using this assessment for the past five years, which has allowed us to progressively improve our environmental performance. Below is the performance of our Vulcano and Cercado sites.



HIGG Index - FEM Module Evaluation



Learn more (

71 Energy and emissions management

Energy

Our Sustainability department receives consumption data from the Maintenance team and compares monthly usage with invoices from our natural gas (Cálidda), electricity (Enel), and LPG (Solgas) suppliers. We maintain an annual record to compare current consumption with previous years, establishing reference values and identifying variations that help us:

Take action on the highest consumption factors. Meet documentation and analysis requirements during audits and evaluations.



In 2023, we installed new meters in the building that houses both production and administrative areas, allowing us to clearly differentiate between domestic and industrial consumption. This improvement has enabled us to precisely identify the consumption associated with each industrial process, such as cutting, sewing, and placement printing, among others.

Following the requirements of HIGG 4.0, we have set indicators and objectives within an improvement plan to not only distinguish domestic from industrial consumption but also to categorize industrial consumption into three specific areas: final product assembly (sewing), final product processing (embroidery, printing, finishing, laundry), and material processing (dyeing, knitting, cutting). **(GRI 3-3)**



Energy consumption by source (GRI 302-1)

🚱 Vulcano Energy 2023					
Energy source	Unit	Consumption			
Electricity	kWh	7,686,919			
Natural Gas	kWh	23,017,523			
Diesel	kWh	926,430			

🚱 Cercado Energy 2023					
Energy source	Unit	Consumption			
Electricity	kWh	1,172,766			
Natural Gas	kWh	3,167,866			

Conversion factors:

GN: kWh = Sm³ * 250.2 & Diesel: kWh = L * 10.96

Emissions

As part of our sustainability strategy at Industrias Nettalco, **we have set a long-term goal of becoming a carbon-neutral company.** Our initial steps toward this goal began in 2021 when we participated in the Huella de Carbono Perú program and measured emissions from both plants.



In line with our Sustainability Policy, we implement actions and plans to reduce and offset our emissions. In 2023, we created our first atmospheric emissions inventory to identify all emission sources and quantify annual emissions. Additionally, in an effort to reduce emissions, we have begun transitioning our energy matrix towards cleaner fuels, with natural gas as our primary energy source.

- The results of our 2023 carbon footprint measurement totaled:
 8,775.83 tC0, eq.
- Considering a production of:
 10,479,037 equivalent garments in the year.

This results in an emission of 0.84 tCO₂eq per equivalent garment produced, according to our calculations. **(GRI 3-3)**

Carbon Footprint Calculation for Scopes 1, 2, and 3 (tCO₂eq) (GRI 305-1) (GRI 305-2) (GRI 305-3)



6

As part of the 2020-2025 sustainability strategy, we set a goal to reduce greenhouse gas (GHG) emissions from our operations by 10%. Our key metric for this objective is the annual carbon footprint of our operations.

Upcoming projects for 2024



As part of the new WWTP project, we have implemented an innovation where CO_2 emissions from the boilers are channeled to the neutralization tank. This process allows the CO_2 to react with the effluent, forming carbonic acid, which lowers its pH. This technique reduces the amount of chemicals needed for pH neutralization and, in turn, reduces GHG emissions.

7.2 Water management

At Industrias Nettalco, we are committed to implementing eco-efficiency measures to minimize our negative impacts on water management. In recent years, we have worked on various projects and initiatives aimed at optimizing our water usage. One of our most ambitious proposals is the upcoming inauguration of the Wastewater Treatment Plant (WWTP), which will enable us to reduce the discharge of wastewater contaminated by chemicals and dyes, contributing to sustainability and compliance with environmental regulations.

At our Vulcano plant, we use water sourced from underground wells, which must be treated to become soft water before being used in production processes. After production, the resulting effluents are treated in the WWTP through a physico-chemical or primary process. To comply with wastewater regulations, we ensure that the effluent parameters are within the legally stipulated values (VMA in Spanish for maximum allowable values).

Our Maintenance department regularly inspects for leaks in domestic effluent systems, such as those in restrooms and the cafeteria kitchen, and promptly repairs any issues found. Similarly, at our Cercado plant, we perform periodic inspections of sanitary facilities to ensure efficient water use.



In terms of eco-efficiency and water-saving actions, our SSOMA department conducts training sessions on optimizing water usage. Meanwhile, the Human Resources team manages internal communication and promotes best practices through flyers. (GRI 3-3) (GRI 303-1) (GRI 303-2)

Goals and indicators



At Industrias Nettalco, we are committed to reducing our water consumption by 30% in the medium term.

As part of this effort, we will implement actions to recirculate 70% of industrial effluents in our production processes. The Maintenance department conducts monthly measurements of water consumption and recycling efficiency, with the results presented to the Sustainability Committee for review and follow-up.

Upcoming projects for 2024



In 2023, our water consumption was 358,812 m³, marking a reduction compared to the previous year. Below is the data on our water consumption over the past two years.

Water consumption at Nettalco (GRI 303-3) (GRI 303-5)



Effluent management

At Industrias Nettalco, we are modernizing our processes to achieve greater eco-efficiency. In 2023, we secured \$1.8 million in funding from BBVA to implement and install a new wastewater treatment plant. This investment is a significant step in strengthening our Sustainability Policy, allowing us to reuse up to 70% of water in our production processes and positioning us as leaders in responsible water management within the textile industry.



Currently, wastewater generated from our operations is channeled through pipes and concrete ditches to the WWTP. In the initial treatment stage, a rotary filter removes lint from the water. The water then undergoes neutralization and coagulation processes and settles in a second basin. In the next phase, a cooling tower lowers the water temperature to below 30°C. Subsequently, in a DAF tank, a flocculant is added to separate sludge from the clarified water through physico-chemical processes. Finally, this clarified water is sent to a 120 m³ well, which is connected to a discharge pipe of the Sedapal network. It is important to note that the discharged water complies with the maximum allowable values (VMA in Spanish) established by regulatory authorities. **(GRI 303-2) (GRI 303-4)**



The upcoming launch of our state-of-the-art WWTP at the Vulcano plant marks a milestone in Industrias Nettalco's environmental management. This BBVA funded facility will enable us to recover and reuse 70% of the water used in our production processes, reaffirming our commitment to sustainable practices and positioning us as a leader in global textile industry sustainability.

Discharge by destination	Unit of measure	2022	2023
Surface water	m³	-	-
Groundwater	m³	-	-
Marine water	m³	-	-
Third-party water (total): Sedapal	m³	387,063	254,246
Total water discharge	m³	387,063	254,246

Wastewater discharge in cubic meters (GRI 303-4)

7.3 Chemical management

At Industrias Nettalco, we are committed to reducing the impacts associated with the use of chemicals. In line with our Chemical Management Policy, we are dedicated to eliminating the use and discharge of hazardous substances listed in the Manufacturing Restricted Substances List (MRSL) of Zero Discharge of Hazardous Chemicals (ZDHC), covering all stages from raw material acquisition to production. We also require



our suppliers to comply with current legal regulations and align with our chemical restriction policies.

To ensure compliance, we maintain an internal chemical inventory at Nettalco, enabling us to track these substances within our operations. This system provides us with valuable information, including certifications, safety data sheets (SDS), technical specifications, and inventory records. For audits required by our clients, we collaborate with accredited laboratories to validate and support our chemical management practices. The Global Organic Textile Standard (GOTS) and OEKOTEX certifications assure our clients that the textiles we produce are free from harmful and hazardous chemicals, reinforcing our position as a reliable company that meets high standards of quality and sustainability. **(GRI 3-3) (Non-GRI: Chemical Substances)**

Current certifications for our chemical management



GOTS Global Organic Textile Standard

This certification confirms our commitment to environmentally friendly and socially responsible manufacturing practices, ensuring that our textiles are eco-friendly from material collection to final labeling. OEKO-TEX® CONFIDENCE IN TEXTILES STANDARD 100

Certificación OEKO-TEX®

Granted to our company for ensuring that no harmful substances are used at any stage of textile production, from raw materials to the final product.

Chemical management platform

Industrias Nettalco has its own tool a proprietary tool for monitoring the use of chemicals during production (laboratory, dyeing, printing, and laundry). This platform ensures comprehensive traceability of each chemical from its reception to its exit from the warehouse, while also providing relevant information such as safety data sheets, technical specifications, GOTS and ZDHC certifications, and international guidelines like AFIRM and AAFA.





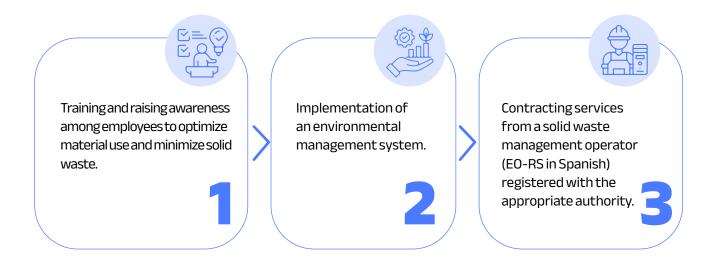
7.4 Circular economy and waste management

Waste management

In 2023, as part of our environmental goals and commitments, our Solid Waste Minimization and Management Plan focused on reducing solid waste generation and implementing recycling or reuse practices.

To ensure the plan's effectiveness, we formed a dedicated solid waste management team that oversaw proper waste handling and maintained detailed records for monitoring at the Vulcano plant.

Strategies to reduce solid waste impact:



Long-term waste management objectives



At Industrias Nettalco, we categorize our waste as either domestic or industrial. Non-hazardous waste, such as cardboard, paper, and similar materials, is recycled or sold, or managed by an EO-RS that sends it to a sanitary landfill. Hazardous waste, including contaminated oils, rags, and buckets, as well as used fluorescent lights, is managed according to Peruvian technical regulations and disposed of by the EO-RS in an authorized secure landfill. **(GRI 3-3) (GRI 306-1)**

Solid Waste Management



Minimization

To reduce waste generation in our operations, we have implemented minimization techniques aimed at achieving medium-term results, as outlined below: **(GRI 306-2)**

Wastetype	Generating activity	Minimization technique
Plastic containers	Industrial facility	Educate employees to reduce the use of plastic containers and switch to reusable ones.
Oily and grease-impregnated rags	Cleaning and maintenance of equipment and machinery	Optimize the use of cleaning rags to extend their life cycle before disposal.
Paper waste	Office	Reduce printing and promote document digitization.



Segregation

Waste segregation is crucial for improving reuse and commercialization. At Industrias Nettalco, we use color-coded containers in line with the NTP 900.058:2019 environmental management standard. We continually promote the importance of proper segregation among our employees. Our long-term goal is to achieve maximum efficiency in reducing solid and liquid waste, in alignment with our strong sustainability strategy. **(GRI 306-2) (GRI 306-3)**

Color coding system for solid waste storage containers

RECYCLABLE WASTE			
Type of waste	Color code		
Paper and cardboard waste: blue cylinder Includes office paper, newspapers, brochures, prints, photocopies, cardboard boxes, phone books, etc.			
Plastic waste: white cylinder Includes plastic bags, soda bottles, disposable plastics (cups, plates, cutlery), plastic containers not contaminated with grease, paint, solvents, or lubricants.			
Other organic waste: brown cylinder Includes food scraps, garden waste, and similar materials.			
Glass waste: gray cylinder Includes glass waste from soda bottles, glasses, food containers, and other glass items.			
Metal waste: yellow cylinder Includes metal waste from production and maintenance areas.			
Hazardous waste: red cylinder Includes electronic waste such as used batteries, ink cartridges, cell phones, and other hazardous items.			

NON-RECYCLABLE WASTE			
Type of waste	Color code		
Common waste: black cylinder Includes used rags not contaminated with mineral oil, solvents, paints, lacquers, or other hazardous materials, as well as weeds and debris from green area maintenance and sweeping.			
Hazardous waste: red cylinder Includes plastic or metal containers with contaminant residues such as mineral oil, disinfectants, insecticides, and rodenticides, among others.			



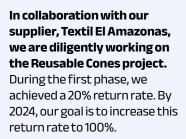
In 2023, we generated 534.32 tons of waste, with 266.81 tons classified as non-hazardous and 267.51 tons as hazardous. Our cleaning staff collects, weighs, and records general waste, while hazardous waste data is provided by the EO-RS, which handles collection, transportation, and sends us a report with landfill weight data, followed by a certification.

Type of waste	Waste category	TOTAL GENERATED (metric tons)
	Paper	14.10
	Cardboard	62.28
Non-hazardous	Plastics	26.19
NOT-Hazardous	General	85.77
	Organic	60.28
	Other	18.20
Total non-hazardous	waste	266.81
	Used oil	0.65
	Bio-contaminated	0.06
	Contaminated plastic and cardboard bags	0.29
	Fluorescents	0.26
Lleserdeue	Empty drums	1.33
Hazardous	Contaminated paint cans	0.21
	Dehydrated contaminated WWTP sludge	168.37
	Residual sludge with textile dye	58.21
	Contaminated lint	15.40
	Contaminated rags	10.71
	Various contaminated items	
Total hazardous wast	267.51	
Total waste generated	534.32	

Annual quantities of solid waste (GRI 306-3)

Circular economy

At Nettalco, we are dedicated to transitioning from a linear to a circular economy within the medium term. To support this, we are partnering with other companies in our sector to enhance our circular economy efforts, focusing on extending the life cycle of resources. Here are some initiatives and projects we are developing in collaboration with industry partners:



One of our circular economy strategies involves the reuse of IBC containers for chemical products. Once these containers are emptied, we return them to our supplier to be refilled and reintroduced into

our usage cycle.



Since 2022, we have initiated a project for the commercialization of plastic waste. An external company handles the entire process and supplies us with recycled plastic sheeting, which we then reintegrate into our production chain.



At Industrias Nettalco, we are known for our collaborative approach with other companies to achieve common goals for the sector.

Together with our supplier Creditex, we are exploring various circular economy alternatives to minimize our waste management impact. Many of these projects are currently in the study and exploration phase, and we aim to finalize them by 2024.



We have implemented measures in our cafeteria to reduce organic waste. Informative signs raise employee awareness, and offering two portion sizes —small and large—lets employees choose smaller portions, helping to minimize food waste.

Our social performance

 $\mathbf{08}$

ni



In line with our social objectives, at Industrias Nettalco we have implemented a set of medium- and long-term actions, with a special focus on our communities and collaborators.

Our internal strategy includes long-term initiatives aimed at working with our collaborators and suppliers to foster inclusion and job creation, with the goal of reducing inequality and poverty. Externally, we strive to be agents of change in our communities through programs, volunteering, and investments, generating social value and contributing to the Sustainable Development Goals. It is important to highlight that all of these actions are part of our roadmap, with a completion target set for 2050.

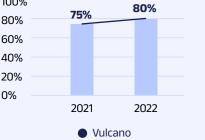
Our Sustainability Policy, Social Policy, Human Rights Policy, and Sustainability Strategy guide the path to achieving our social objectives. We are committed to promoting a culture of well-being, quality of life, and transparency for both our employees and stakeholders. In 2023, driven by our social commitment and in partnership with key clients like Hanna Andersson and Lacoste, we launched several philanthropic initiatives. These efforts were made possible through close collaboration. Looking ahead, we plan to continue these initiatives and introduce new projects.

Just as we rigorously evaluate our environmental performance, we apply the same level of scrutiny to our social dimension. Using the HIGG index, FSLM module, we measure our practices in social and labor areas. This tool has allowed us to improve our performance annually, demonstrating our commitment to adopting good social practices in line with our clients' standards. **(GRI 3-3)**

Below is our social performance evaluation based on the HIGG FSLM index:



HIGG index evaluation - FSLM





HIGG index evaluation - FSLM module





At Industrias Nettalco, we are fully committed to managing our workforce. We strongly believe that our employees are the driving force behind our company. This means we are consistently focused on their well-being, health, and optimal working conditions. We promote their growth and specialization within our sector while ensuring their physical safety.

In 2023, we reinforced this commitment through the implementation of our Social Policy, which focuses on improving the quality of life for our employees:



We guarantee fair wages, safe working conditions, and a workplace free from discrimination and harassment, in full compliance with labor laws.



We uphold a firm respect for basic human and labor rights, eradicating any form of child labor, forced labor, or workplace discrimination.



We offer additional health benefits and provide training and professional development programs. Furthermore, we organize sessions aimed at enhancing both workplace and family well-being, all designed to enrich the quality of life for our employees.

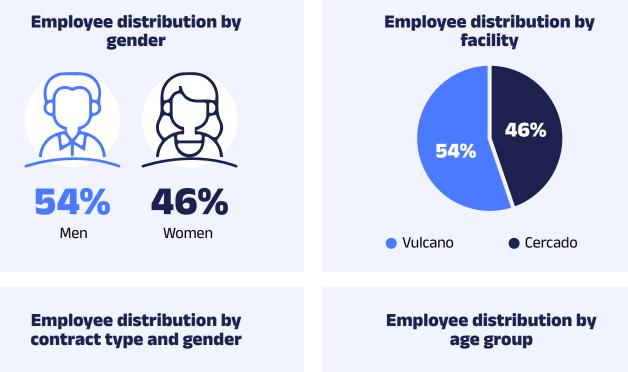


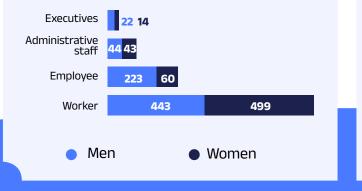
We have implemented measures to ensure a safe and healthy work environment for all employees, including safety training, appropriate safety equipment, and policies to prevent workplace accidents.

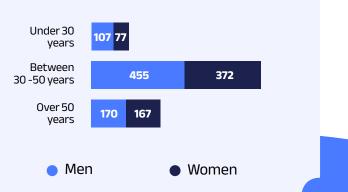
Our workforce

In 2023, our workforce consisted of 1,348 employees, with 54% men and 46% women. Most of our team is based at the Cercado plant. (GRI 2-7) (GRI 2-8) (GRI 401-1)









Regarding our subcontracted personnel, we partner with companies that provide various services such as cleaning and security. Throughout 2023, at our Ate plant, we hired 25 employees from companies in the cleaning and security sectors, while at our Cercado plant, we hired 18 employees from the same sectors. In total, 43 subcontracted employees were hired. (**GRI 2-8**)

8.2 Employability

At Industrias Nettalco, our employability management is guided by internal policies and the regulations of the Ministry of Labor and Employment Promotion (MTPE in Spanish), alongside adherence to the relevant labor laws. Based on this, we focus on generating formal, high-quality employment that meets high labor standards.

Committed to promoting employability, we offer opportunities for young people seeking to enter the textile industry. **We participated in the "Yes, We Can" job fair, organized by Conadis and the MTPE, aimed at providing equal job opportunities for young people with disabilities.** We are also coordinating with various municipalities in Lima Metropolitana to participate in their job fairs, which will help us attract new talent to our company. (GRI 3-3)



Committed to being an exclusive company, we incorporate people with disabilities into our workforce. In addition, it provides them with technological tools to facilitate communication with their colleagues and supervisors.



Por hiring needs, we follow our Recruitment and Selection Policy, which enables us to attract and retain top talent in the Peruvian market. In 2023, new hires declined due to challenges in the textile sector.

Number and rate of new hires by gender, age, and region (GRI 401-1)

	2022	2023
🖳 New hires	492	145
🖓 New hires rate	29.70%	11.00%

Lima					
Gender	Under 30 years	Between 30 and 50 years	Over 50 years	Total number of new hires by gender	Total new hire rate by gender
Men	34	49	1	84	11.48%
Women	26	32	3	61	9.90%
Total number of new hires by age	60	81	4	145	10.76%
Total new hire rate by age	32.61%	9.79%	1.19%	10.76%	-

Number and turnover rate by gender, age, and region (GRI 401-1)

	2022	2023
Annual turnover	757	546
C Turnover rate	45.60%	40.50%

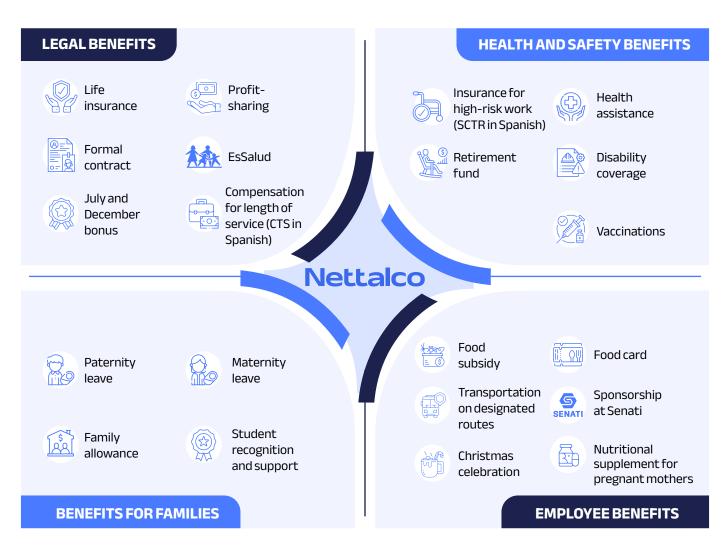
Lima					
Gender	Under 30 years	Between 30 and 50 years	Over 50 years	Total number of turnovers by	Total turnover rate by gender
Men	107	146	19	272	37.16%
Women	74	176	24	274	44.48%
Total number of turnovers by age	181	322	43	546	40.50%
Total turnover rate by age	98.37%	38.94%	12.76%	40.50%	-

Employee benefits

At Industrias Nettalco, all of our employees receive not only the legally mandated benefits but also additional ones we provide to support their professional growth and personal protection. Through our Well-being department, we design, propose, and assess a range of benefits aimed at helping them achieve a healthy work-life balance. **(GRI 401-2)**



Below are the benefits we make available to all our partners:



Parental leave

In accordance with Peruvian legal requirements on maternity and paternity, we offer these benefits to all our employees and provide support to ease their transition back to work after their leave period. For male employees, as stipulated by Law No. 30807, paternity leave is 10 calendar days, while female employees are entitled to 98 days of maternity leave, covering both prenatal and postnatal periods, ensuring proper care during and after the birth of their children. **(GRI 401-3)**



Parental leave and employee reintegration, broken down by gender (GRI 401-3)

Parental leave	Men	Women	Total
Employees entitled to parental leave	24	32	56
Employees who took parental leave	24	32	56
Employees who returned to work after completing parental leave	24	18	42
Employees who returned to work after parental leave and remained employed 12 months later	21	18	39
Return-to-work rate	100%	56%	75%
Employee retention rate	88%	100%	93%

Workplace climate

We assess employee engagement through an annual workplace climate survey, evaluating loyalty, pride, commitment, and motivation. In 2023, the survey results showed an 86% satisfaction rate among administrative staff and 76% among operators. Every year, our Well-Being department focuses on developing strategies and plans to improve the quality of life and well-being of our employees.



2023 workplace climate survey results



8.3 Training and professional development

As part of our Social Policy, we are committed to providing training and development programs, as well as workplace and family well-being sessions, to enhance our employees' quality of life. Through our Annual Training Plan (PAC in Spanish), we offer individual and group programs based on the specific needs of each department.

The Well-being and Human Resources departments work with various areas to outline the annual training plan and set investment budgets for each program, all of which require approval from General Management. To support employee development, we maintain partnerships with higher education institutions, allowing employees to improve their technical skills in the textile industry. **(GRI 3-3)**



Below are the training indicators for the programs we offered to our employees in 2023:

Average training hours per employee, broken down by job category and gender (GRI 404-1)

Job category	Total training hours	Average training hours per employee
Workers	2,160	2.29
Employees	789	2.79
Administrative staff	405	4.66
Executives (managers and department heads)	624	17.33
Total	3,978	-

Gender	Total training hours	Average training hours per employee	
Men	92	0.126	
Women	64	0.104	
Total	156	-	

Training and learning programs



In line with our PAC, in 2023, we developed various training programs aimed at fostering skill development, professional growth, and the acquisition of relevant knowledge to improve job performance and meet the company's objectives. (GRI 404-2)





STRATEGIC MANAGEMENT + MENTORING

This program is aimed at **department heads** providing them with modern tools for strategic planning and control to motivate and drive their teams.



SCRUM & MANAGEMENT

This program targets the **Planning**, **Programming**, **Systems**, and **DDP departments**. It is goal is to enhance daily project management by adopting agile practices that optimize organizational processes.



SPECIALIZED COURSES

This program is designed for the **Patterns department**, reinforcing technical skills in digital patterns and 3D animations.



ASSERTIVE COMMUNICATION

This program is tailored for **sewing supervisors**, aimed at strengthening their soft skills with their teams.

Performance management

We assess and evaluate the skills, knowledge, and attitudes of our employees through a Competency Assessment (aka performance evaluation). This methodology covers several criteria, including teamwork, responsibility, effective communication, and quality, among others. In October 2023, we conducted this process for all active employees on the payroll.



00%

of employees

Percentage of employees receiving regular performance evaluations (GRI 404-3)

Job category	Nun	nber	Percentage	
Job Category	Men	Women	Men	Women
Workers	431	487	60.10%	81.03%
Employees	220	58	30.70%	9.65%
Administrative staff	44	42	6.10%	6.99%
Executives (managers and department heads)	22	14	3.10%	2.33%
Total	717	601	100%	100%



Based on the evaluation results, we provide feedback to help employees improve their job performance, strengthen areas for growth, and ensure their success in the various activities they perform within the company.

Human rights

At Industrias Nettalco, we have made progress in managing both the positive and negative impacts we may have on human rights. We have implemented a Comprehensive Human Rights Policy that applies to our employees, suppliers, strategic partners, and other stakeholders.





Our operations are guided by the principles outlined in the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental

Principles and Rights at Work. Additionally, in line with the requirements of WRAP certification, we ensure that our labor practices meet international standards related to human rights at work. In 2023, we can report that no incidents of discrimination, forced labor, or child labor were recorded. Regarding collective bargaining, Nettalco respects the labor laws and practices of each country. While we do not have a formal union, there is a workers' committee that communicates concerns and demands to General Management, facilitating communication and addressing labor issues. **(GRI 2-30) (GRI 406-1)**

8.4 Occupational health and safety

(GRI 3-3) (GRI 403-1) (GRI 403-8)

Our Occupational Health and Safety System (OHS) is aligned with Law No. 29783 and applies to all our facilities, covering all employees, suppliers, and contractors associated with us.



To assess the effectiveness of our OHS system, we have established mechanisms to monitor its proper functioning, which include the following management tools:



Audits

These are essential for evaluating the system's effectiveness, verifying compliance with established programs and plans. When necessary, these audits are conducted by auditors authorized by the Ministry of Labor and Employment Promotion.



Statistics

They provide data for a quick assessment of the OHS management system. We have specific indicators for each objective and goal in our Occupational Health and Safety Plan.



Compliance analysis

We examine the level of compliance with objectives and goals, as well as the status of accident and incident investigations, including corrective and preventive actions taken.



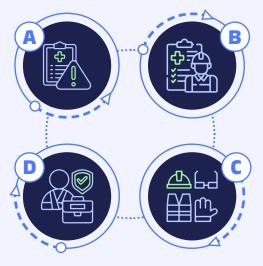
Change Monitoring We monitor changes that may affect the system, including updates to legal and other safety and health requirements.



Here are the objectives and strategies we have established at Nettalco to improve our OHS performance:

Prevent occupational health and safety risks from our activities by continuously identifying and assessing risks to prevent injuries.

> Provide the necessary resources for effective management of occupational health and safety.



Comply with legal requirements and other applicable regulations agreed upon with clients, stakeholders, and those assumed by the organization in OHS.

Ensure a safe and healthy workplace for employees while promoting a culture of accident prevention and occupational disease avoidance.

Hazard identification, risk assessment, and incident investigation

To identify hazards related to activities at Industrias Nettalco, we use the HIRAC matrix (Hazard Identification, Risk Assessment, and Control). This tool helps us manage associated risks, identify workplace hazards, and assess them effectively. Based on this assessment, we implement control measures, update our policies and procedures, and adopt best practices and technologies in the industry.

For accident and incident investigations, all relevant information is promptly collected, including statements and photographic evidence, to better understand the case. We then use the SCAT methodology (Systematic Cause Analysis Technique) to determine the immediate and underlying causes and implement appropriate corrective measures. Additionally, all incidents are reported during the monthly OHS Committee meetings, where corrective actions, deadlines, and responsible parties are assigned. These meetings, which include suggestions or observations, are documented for followup and control.

If an employee decides to step away from a situation they believe is harmful to their health or safety, they



must follow the procedures in the HIRAC matrix and report it. **Our OHS Policy and Annual Health and Safety Plan encourage employees to avoid risky activities and protect them from retaliation.** All our activities comply with legal OHS regulations.



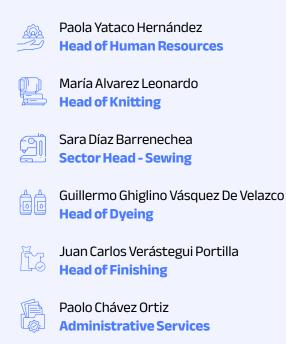
Our comprehensive approach to accident and incident risk prevention and investigation extends to our contractors and suppliers. We regularly conduct OHS inductions, perform periodic audits, and promote best practices in health and safety among them. We also collaborate when they request similar support. (GRI 403-2) (GRI 403-7)

Occupational Health and Safety Committee

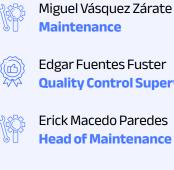
At Industrias Nettalco, our Occupational Health and Safety Committee consists of 24 members, including 12 primary and 12 substitute representatives from our Vulcano and Cercado plants. The committee is made up of both employee and employer representatives, ensuring balanced participation. The committee has clear organizational roles, including a president and a secretary, and they meet monthly to address OHS matters. (GRI 403-4)



Employer's primary representatives



Employer's substitute representatives



- **Edgar Fuentes Fuster**
- **Quality Control Supervisor**
- **Erick Macedo Paredes Head of Maintenance**
- Víctor Olaya Zapata Exports



Elmer Sánchez Félix **Product Development**



Dennys Reynoso Luján **Head of Product Development**

Workers' primary representatives

	Daniel Villalva Cóndor Dyeing (Vulcano)
Ţ	Noemí Arcondo Hijuela Sewing (Vulcano)
S € ∫0	Yenny Margarito Ángeles Cutting (Vulcano)
	Antonio Valera Blas Sewing (Cercado)
	Tomás Duarte Genes Sewing (Cercado)
ĒĿ	Emerson Pérez Montenegro Finishing (Cercado)

Workers' substitute representatives Petronila Marchan Valdivia Sewing (Vulcano) Arturo Lozano Algoner Sewing (Vulcano) Edwin Ipanagué Villegas 41 Sewing (Vulcano) Hilda Cori Tarazona 4 Sewing (Cercado) Betty Alata Cabrera **Finishing (Cercado)** Shefer Cruz Acuña Sewing (Cercado)

OHS Training

Comprehensive OHS training is a key pillar at Industrias Nettalco. We provide extensive training, from awareness to technical and conceptual education, to foster a sustainable culture of prevention across the organization. This ensures that every department is equipped with the necessary knowledge to proactively identify and manage risks, ensuring that our staff are fully trained in safety procedures relevant to their work areas.

All employees receive OHS training to help them recognize hazards and risks in their tasks, correct unsafe practices, and build a prevention-oriented mindset.

Our OHS training objectives are:



Below, we outline the topics, audience, and expected outcomes of the OHS training:

TRAINING TOPIC	TARGET AUDIENCE	EXPECTED OUTCOME
Use of fire extinguishers and fire classes	Employees	Understand the types of fire extinguishers and their proper use.
Basic safety principles	Employees	Learn basic occupational health and safety terminology.
Use of personal protective equipment	Employees	Understand the correct use, importance, and function of personal protective equipment.
Hazard Identification and Risk Assessment	Employees	Learn the procedures for Hazard Identification and Risk Assessment, and the HIRAC matrix.
Handling chemicals and hazardous materials	Employees	Learn the risks of handling chemicals and hazardous materials, and the preventive measures to take.
Noise exposure	Employees	Understand preventive measures related to noise exposure.
Liftingloads	Material handler	Learn the correct procedure for lifting loads.
Forklift operation	Material handler	Learn the safe and proper operation of forklifts for lifting loads.
First aid	Emergency responders	Learn how to respond to emergencies.
Use of emergency equipment (extinguishers, fire hoses, emergency stretchers)	Emergency responders	Understand the types of extinguishers, fire hose cabinets, and their proper use.
Evacuation and safe zones	Emergency responders	Know evacuation routes, safe zones, and the proper use of emergency stretchers.

Note:

Employees: General employees.

Material handlers: Employees working in high-risk environments.



These activities are included in the Annual Training Plan and are requested by the relevant departments. Additionally, we provide inductions for new personnel to ensure contractors and interns are aware of hazards and risks before beginning their tasks. **(GRI 403-5)**

Occupational Health at Nettalco

We are committed to ensuring the safety and well-being of all our employees, while reducing workplace accidents and occupational illnesses. As part of our occupational health efforts, we have developed monitoring and control programs to meet the established OHS indicators.



In 2023, we launched programs focused on noncommunicable diseases, hearing, respiratory, and musculoskeletal care. These programs are implemented across all Nettalco facilities and are managed by the company's occupational physician. Additionally, we conducted vaccination and nutrition campaigns to reduce risks associated with seasonal illnesses. At Nettalco, we provide comprehensive services, including a fully equipped medical office with trained staff to address any accidents or incidents. All employee health information is securely handled by the company's physician, with access restricted to authorized personnel for specific purposes as required by relevant authorities, whether for well-being or OHS compliance. (GRI 403-3) (GRI 403-6)

Voluntary health promotion programs



Annual health checkups

We conduct annual and biannual medical examinations to assess the overall health of employees, identify potential risks, and provide customized recommendations.



Nutritional counseling

We offer access to nutritional counseling services to help employees adopt healthy eating habits and address specific dietary concerns.

Mental health

We provide specialized coaching sessions to address workplace stress.

Obesity and nutrition

We offer nutrition and exercise programs focused on addressing obesity and promoting a healthy lifestyle. In addition, we provide nutritional supplements to pregnant mothers.



Exercise and fitness programs

We offer fitness programs, including dance classes and access to sports facilities, to encourage physical activity and well-being.

Workplace accident injuries

In 2023, we successfully reduced our accident rates, largely due to the preventive OHS campaigns we have been implementing. We recorded no fatalities with severe consequences. Our robust OHS system enables us to address accidents and incidents promptly, using the SCAT methodology.

Currently, we do not have a measurement system for our suppliers, as they perform specific functions within our company. However, we require them to follow all the protocols and procedures outlined in our OHS system.



Throughout 2023, the main accidents and incidents were related to handling chemicals, machine blade cuts, needle pricks, and burns from irons, among others. **(GRI 403-9)**

Employees	Unit of	20	22	2023	
Employees	Measure	Cercado	Vulcano	Cercado	Vulcano
Number of fatalities from workplace injuries	#	0	0	0	0
Workplace injury fatality rate	Index	0	0	0	0
Number of workplace injuries with severe consequences (excluding fatalities)	#	0	1	0	0
Rate of workplace injuries with severe consequences (excluding fatalities)	Index	0	0.44	0	0
Number of recordable workplace injuries	#	56	23	34	13
Rate of recordable workplace injuries	Index	30.53	10.02	22.63	7.04
Number of hours worked	#	1,834,377	2,295,945	1,502,289	1,846,517

Workplace accident injuries (GRI 403-9)

"Severe consequences" are defined as accidents requiring more than 180 days for full recovery.

Work-related ailments and illnesses



Work-related ailments primarily involved back, wrist, and neck pain, along with some cases of COVID-19. However, no occupational diseases were recorded. **(GRI 403-10)**

Work-related ailments and	Unit of	20	22	2023	
illnesses among employees	measure	Cercado	Vulcano	Cercado	Vulcano
Number of deaths resulting from a work-related ailment or illness	#	0	0	0	0
Number of recordable cases of work-related ailments and illnesses	#	473	469	328	350

8.5 Corporate social responsibility

As part of our commitments in our corporate sustainability strategy, we create social value with our neighboring communities in Ate and other stakeholders. In 2023, we partnered with clients and NGOs to support various social initiatives and contributions in vulnerable communities throughout Peru.



Our Actions during 2023 with Peruvian Communities



PRONOEI Chincha \sim



In 2023, we conducted two interventions in non-schoolbased early education programs (PRONOEI) in Chincha, attended by the children of cotton farmers.

These initiatives were carried out in collaboration with our client Hanna Andersson and our yarn supplier Bergman Rivera:

JULY-SEPTEMBER 2023

Nettalco, together with other stakeholders, made a joint donation to fully restore PRONOEI Atahualpa. Improvements were made to all areas, including the classroom, outdoor play area, and restrooms. Toys and pajamas were also distributed to the children.

OECEMBER 2023

Nettalco participated in Christmas events organized by Bergman Rivera, where hot chocolate and panettone were shared with the children and their families. We also contributed by donating toys, Christmas baskets, and clothing for the children.

Resilient communities against cold temperatures in the Province of Melgar, Puno 2023 \backsim



This project was possible through a joint donation from the Lacoste Foundation and Nettalco to the NGO Cáritas del Perú, which carried out four initiatives in the districts of Ayaviri, Macari, Cupi, Umachiri, Buena Vista, and Santa Rosa.



RISK MANAGEMENT WORKSHOPS



The community was empowered through the formation of six risk management committees and six emergency brigades, These groups participated in activities such as gathering issues, opinions, and suggestions from neighbors to advocate for disaster risk prevention measures with local and provincial authorities. They also advocate for participation in financial accountability sessions, participatory budgeting, local government development plans, collaboration in the creation and implementation of municipal plans, projects, and services, and the execution of micro-projects and maintenance of disaster risk reduction and prevention works.



Comprehensive healthcare services were provided in the same communities, reaching 550 people (goal: 206), including children, adults, the elderly, and people with disabilities. Typically, residents of these communities must travel to health centers for care. With project funds, medications and logistics were organized for six health campaigns.





Anti-parasitic and vitamins were administered to 2,699 livestock, including cattle and sheep, benefiting 266 families from the communities (goal: 43) of Viluyo, Pirhuani, Hatun Sayna, Rosaspata, San Francisco, Buena Vista, and Chosecani.







Improvements were made to 18 homes, including the installation of improved stoves and Trombe walls. Trombe walls act like greenhouses, storing solar heat during the day and distributing it indoors during cold hours. The improved stoves aim to reduce exposure to harmful smoke from fuel burning inside homes, enhancing residents' quality of life. They are also more fuel-efficient, contributing to lower fuel consumption.

GRI content index

 $\mathbf{09}$

P

÷

Industrias Nettalco S.A. has reported in accordance with GRI standards for the period January 01 to December 31, 2023.

GRI1used

GRI 1: Foundation 2021

					Omission	
GRI Standard	Content	Page	SDG	Requirement omitted	Reason	Explanation
		General Dis	sclosures			
	2-10rganizational details	8,9	-	-	-	-
	2-2 Entities included in the organization's sustainability reporting	24	-	-	-	-
	2-3 Reporting period, frequency and contact point	24	-	-	-	-
	2-4 Restatements of information	24	-	-	-	-
	2-5 External assurance	24	-	-	-	-
	2-6 Activities, value chain and other business relationships	8,38	-	-	-	-
	2-7 Employees	65	-	-	-	-
	2-8 Workers who are not employees	65	-	-	-	-
	2-9 Governance structure and composition	26	-	-	-	-
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	26	-	-	-	-
2021	2-11 Chair of the highest governance body	29	-	-	-	-
	2-12 Role of the highest governance body in overseeing the management of impacts	29	-	-	-	-
	2-13 Delegation of responsibility for managing impacts	29	-	-	-	-
	2-14 Role of the highest governance body in sustainability reporting	29	-	-	-	-
	2-15 Conflicts of interest	33, 35	-	-	-	-
	2-16 Communication of critical concerns	29	-	-	-	-
	2-17 Collective knowledge of the highest governance body	29	-	-	-	-
	2-18 Evaluation of the performance of the highest governance body	26	-	-	-	-

					Omission	
GRI Standard	Content	Page	SDG	Requirement omitted	Reason	Explanation
	2-19 Remuneration policies	-	-	2-19	Confidentiality Restrictions	It is sensitive information for the market competitiveness of our industry. The application of standards to estimate competitive compensation is guaranteed.
	2-20 Process to determine remuneration	-	-	2-20	Confidentiality Restrictions	It is sensitive information for the market competitiveness of our industry. The application of standards to estimate competitive compensation is guaranteed.
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	-	-	2-21	Confidentiality Restrictions	It is sensitive information for the market competitiveness of our industry. The application of standards to estimate competitive compensation is guaranteed.
	2-22 Statement on sustainable development strategy	5	-	-	-	-
	2-23 Policy commitments	18, 30	-	_	-	-
	2-24 Embedding policy commitments	18, 30, 33	-	-	-	-
	2-25 Processes to remediate negative impacts	34	-	-	-	-
	2-26 Mechanisms for seeking advice and raising concerns	34	-	-	-	-
	2-27 Compliance with laws and regulations	49	-	-	-	-
	2-28 Membership associations	15	-	-	-	-
	2-29 Approach to stakeholder engagement	20	-	-	-	-
	2-30 Collective bargaining agreements	73	-	-	-	-
		Material	Topics			
GRI 3: Material	3-1 Process to determine material topics	21	-	-	-	-
Topics 2021	3-2 List of material topics	23	-	-	-	-

					Omission			
GRI Standard	Content	Page	SDG	Requirement omitted	Reason	Explanation		
	Corporatego	overnance, eth	nics, and ant	i-corruption	·			
GRI 3: Material Topics 2021	3-3 Management of material topics	35	-	-	-	-		
	205-10perations assessed for risks related to corruption	35	16	-	-	-		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	36	16	-	-	-		
	205-3 Confirmed incidents of corruption and actions taken	35	16	-	-	-		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	35	16	-	-	-		
		Economic pe	rformance		'			
GRI 3: Material Topics 2021	3-3 Management of material topics	-	-	3-3	Information not available or incomplete.	In 2023, we do not have this information.		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	-	-	201-1	Information not available or incomplete.	In 2023, we do not have this information.		
	Respoi	nsible supply c	hain manag	gement				
GRI 3: Material Topics 2021	3-3 Management of material	43						
	topics	_	-	_	-	-		
GRI 204: Procurement Practices 2016	204-1Proportion of spending on local suppliers	43	8	-	-	-		
Procurement Practices 2016 GRI 308: Supplier	204-1Proportion of spending on	-	-	- - 308-1	- Information not available or incomplete.	- In 2023, we do not have this information.		
Procurement Practices 2016 GRI 308:	204-1 Proportion of spending on local suppliers 308-1 New suppliers that were screened using environmental	43 - -	-	- 308-1	not available	not have this		
GRI 308: Supplier Environmental Assessment	204-1 Proportion of spending on local suppliers 308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts in the supply chain and	43 - -	-		not available or incomplete. Information not available	not have this information. In 2023, we do not have this		
Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414:	204-1 Proportion of spending on local suppliers 308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts in the supply chain and actions taken 414-1 New suppliers that were	43 - - - 42	- 8 - - 5, 8, 16	308-2	not available or incomplete. Information not available or incomplete. Information not available	not have this information. In 2023, we do not have this information. In 2023, we do not have this		
GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment	204-1 Proportion of spending on local suppliers 308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts in the supply chain and actions taken 414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions	-	- - 5, 8, 16	308-2	not available or incomplete. Information not available or incomplete. Information not available	not have this information. In 2023, we do not have this information. In 2023, we do not have this		

					Omission	
GRI Standard	Content	Page	SDG	Requirement omitted	Reason	Explanation
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	46	12	-	-	-
This material topic has no specific associated GRI Standard	NON-GRI Ensuring traceability	44	-	-	-	-
	Technolog	gy and innovat	tion in prod	uct quality		
GRI 3: Material Topics 2021	3-3 Management of material topics	40	-	-	-	-
This material topic has no specific associated GRI Standard	NON-GRI Technology and innovation in product quality	40	-	-	-	-
		Positive clier	nt relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	46	-	-	-	-
This material topic has no specific associated GRI Standard	NON-GRI Positive client relations	46	-	-	-	-
	Job creation, emp	oloyee well-be	eing, and tal	ent development	I	
GRI 3: Material Topics 2021	3-3 Management of material topics	63	-	-	-	-
	401-1 New employee hires and employee turnover	65, 66, 67	3,5,8	-	-	-
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	67	3, 5, 8	-	-	-
	401-3 Parental leave	68,69	5, 8	-	-	-
	404-1 Average hours of training per year per employee	70	4, 5, 8, 10	-	-	-
GRI 404: Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	71	8	-	-	-
2016	404-3 Percentage of employees receiving regular performance and career development reviews	72	5, 8, 10	-	-	-

				Omission		
GRI Standard	Content	Page	SDG	Requirement omitted	Reason	Explanation
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	73	5,8	-	-	-
	Occ	cupational he	alth and saf	ety		
GRI 3: Material Topics 2021	3-3 Management of material topics	73	-	-	-	-
	403-10ccupational health and safety management system	73	8	-	-	-
	403-2 Hazard identification, risk assessment, and incident investigation	76	3,8	-	-	-
	403-3 Occupational health services	79	3,8	-	-	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	76	8,16	-	-	-
403: Occupational	403-5 Worker training on occupational health and safety	78	8	-	-	-
Health and Safety 2018	403-6 Promotion of worker health	79	6	-	-	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	76	8	-	-	-
	403-8 Workers covered by an occupational health and safety management system	73	8	-	-	-
	403-9 Work-related injuries	80	3, 8, 16	-	-	-
	403-10 Work-related ill health	81	3, 8, 16	-	-	-
	v	later use and	manageme	nt		
GRI 3: Material Topics 2021	3-3 Management of material topics	53	-	-	-	-
	303-1 Interactions with water as a shared resource	53	6,12	-	-	-
GRI 303: Water	303-2 Management of water discharge - related impacts	53, 55	6, 12	-	-	-
and Effluents 2018	303-3 Water withdrawal	54	6	-	-	-
	303-4 Water discharge	55	6	-	-	-
	303-5 Water consumption	54	6	-	-	-

					Omission	
GRI Standard	Content	Page	SDG	Requirement omitted	Reason	Explanation
		Chemical ma	nagement			
GRI 3: Material Topics 2021	3-3 Management of material topics	56	-	-	-	-
This material topic has no specific associated GRI Standard	NON-GRI Chemical management	56	-	-	-	-
	Reduction of (GHG emissions	and energy	y consumption		
GRI 3: Material Topics 2021	3-3 Management of material topics	51	-	-	-	-
GRI 302: Energy 2016	302-1Energy consumption within the organization	51	7, 8, 12, 13	-	-	-
	305-1 Direct (Scope 1) GHG emissions	52	3, 12, 13, 14, 15	-	-	-
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	52	3, 12, 16, 14, 15	-	-	-
	305-3 Other indirect (Scope 3) GHG emissions	52	3, 12, 16, 14, 15	-	-	-
	c	ircular econor	ny and wast	te		
GRI 3: Material Topics 2021	3-3 Management of material topics	58	-	-	-	-
	306-1 Waste generation and significant waste-related impacts	58	3, 6, 11, 12	-	-	-
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	58, 59	3, 6, 8, 11, 12	-	-	-
	306-3 Waste generated	59,60	3, 6, 11, 12, 15	-	-	-

Industrias Nettalco S.A.

VULCANO PLANT ADDRESS Cal. Cinco Nro. 115 Z.I. Vulcano - Ate

CERCADO DE LIMA PLANT ADDRESS Rodolfo Beltrán 984 - Cercado de Lima

PHONE (+511) 3480264

WEBPAGE https://www.nettalco.com.pe/es/

CONTACT Alejandro Castillo Nolte / acastillon@nettalco.com.pe

GENERAL EDITING AND DESIGN Modo Sostenible: www.modosostenible.com

